



**City of Scandia
2012 Budget**

DRAFT FOR
PUBLIC MEETING
6:30 p.m.
December 13, 2011

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BUDGET OVERVIEW

Budget Process and Timeline

This document contains a draft budget for the period of January 1 through December 31, 2012 for the City of Scandia. The budget was prepared by staff and modified after work sessions and meetings held by the City Council starting in August through November of 2011.

In September, the City Council certified a preliminary maximum property tax levy of \$2,055,174. Notices mailed to property owners in November, showing preliminary property tax bills, were based on this maximum. The levy may be reduced but cannot be increased.

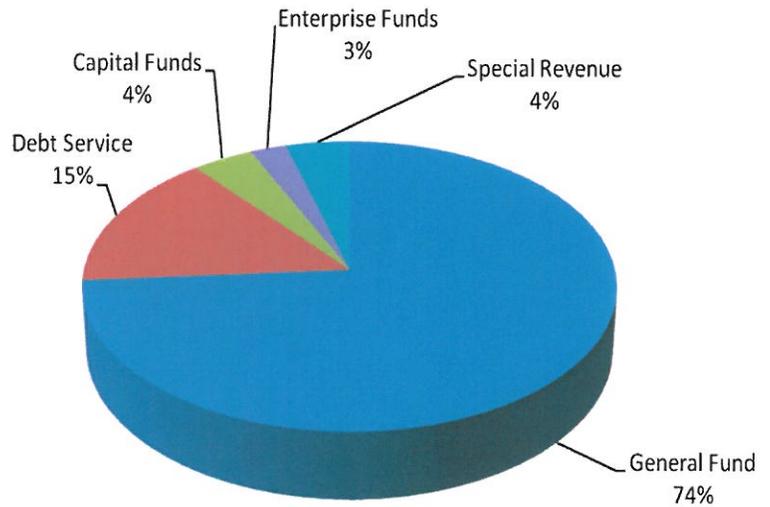
The public meeting on the budget and tax levy (formerly called the “Truth in Taxation” meeting) will be held on December 13, 2011 at 6:30 p.m. The final budget hearing is tentatively scheduled for December 20, 2011 at 7:00 p.m. The City is required to adopt its budget and certify the final 2012 tax levy no later than December 28, 2011.

Budget Format

The draft 2012 budget is divided into the following fund and departmental budgets:

Fund Type	2012 Budget Funds
General Fund	General Fund (101) <i>Departments within General Fund:</i> <ul style="list-style-type: none"> • Administration & Finance (41000) • City Council (41110) • Elections (41410) • Planning & Building (41910) • Police (42000) • Fire (42200) • Public Works (43000) • Parks (45000) • Community Center (45180)
Debt Service Funds	2007 Blacktop Project (307)
	Fire Hall/ Public Works (310)
	Equipment Certificates (311)
Capital Funds	Capital Improvement Fund (403)
	Parks Capital Improvement Fund (404)
	Equipment Replacement Fund (405)
Enterprise Fund	201 Sewer Project Fund (602)
Special Revenue Fund	Uptown Sewer Fund (612) NEW

The changes from 2011 are the creation of a new Special Revenue Fund for the Uptown Sewer System, and elimination of the Uptown Sewer and Water department budget from the General Fund. Remaining expenses and revenues associated with provision of water to Elim Church and Gammelgården are now shown in the Public Works department budget in the General Fund.



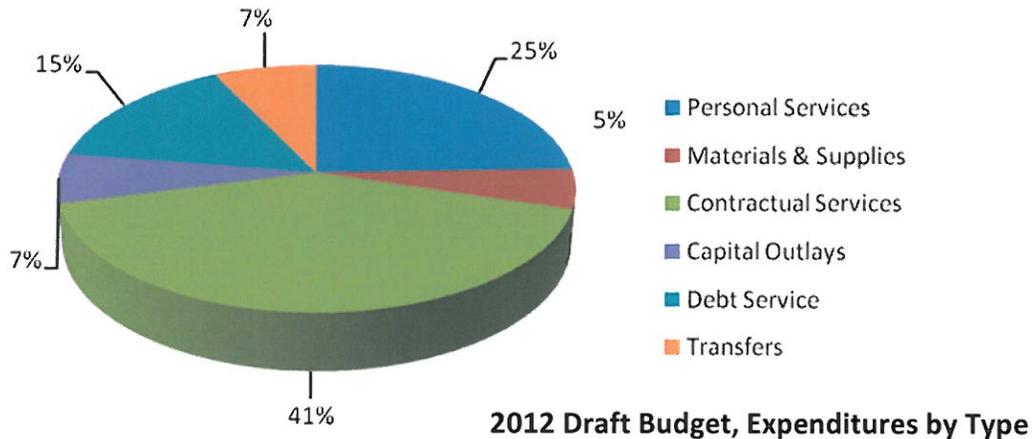
The chart at the right shows how the expenditures in the draft 2012 budget are divided among the five fund types. The General Fund includes the major operating budgets of the city and is the largest portion of the budget (74 %.)

2012 Draft Budget, Expenditures by Fund

The major expenditure categories in the budget are:

Personal Services (100)	Costs related to employees including wages, salaries, retirement contributions and all other benefits.
Materials and Supplies (200)	All of the “things” that the city purchases, such as office supplies, parts, fuel, sand & gravel, etc.
Contractual Services and Charges (300-400)	All types of services and functions performed by or provided by those other than employees.
Capital Outlay (500)	Projects, equipment or furnishings with a useful life of three years or longer and cost greater than \$500. (Capital outlay items with a life of five years or longer and cost \$10,000 or greater would also be listed in the CIP.)
Debt Service (600)	Principal and interest payments on short- or long-term debt.
Transfers (700)	Transfers from one fund to another.

The following chart shows how the 2012 draft budget breaks down for all funds by type of expense. By far, the largest share of the budget is spent on Contractual Services and Charges (41%), followed by Personal Services (25%) and Debt Service (15%).



Revenue Budget

Property Taxes

Property taxes are the city’s largest revenue source, representing about 78% of all of the city’s income, and over 86% of revenues to the General Fund. For the last several years (as in most years) Minnesota cities over 2,500 population were subject to property tax levy limits established by the state legislature. For 2012, there are no levy limits in place.

How the limits were calculated changed over time. In 2011 the property tax levy was limited to an inflationary adjustment plus small adjustments for new households and new commercial/industrial construction. Certain expenditures were not subject to the limit (debt service, public safety personnel costs and pension cost increases) and were added as “special levies” to determine the maximum property tax levy. For 2011, cities were also allowed special levies for cuts to LGA (Local Government Aid) and MVHC (Market Value Homestead Credit Aid.)

The 2011 legislative session resulted in some changes to the LGA and MVHC programs for 2012. Scandia receives no LGA, but the state’s cutback of funding for MVHC program affected the city’s last several budgets. The program had been funded through reimbursements to cities and other taxing jurisdictions. When the state reduced—or in Scandia’s case, eliminated—the reimbursements, cities were not able to collect their full property tax levies and were later allowed to claim a “special levy” outside of the levy limit to make up the cuts. For taxes payable in 2012, the program has been converted to a new Homestead Market Value Exclusion for qualifying homes, which will result in a reduction in the taxable value, and therefore the property tax bill. No state reimbursements or special levies will be required.

The following table shows the total tax levy of New Scandia Township/ the City of Scandia in recent years with the percentage increases from the previous year, including the 2012 preliminary maximum levy approved in September.

Property Tax Levy History

Year	Total Levy	Increase
2003	\$1,238,136	-1.10%
2004	\$1,301,182	5.10%
2005	\$1,368,150	5.10%
2006	\$1,483,752	8.40%
2007	\$1,533,930	3.40%
2008	\$1,703,589	11.06%
2009	\$1,860,893	9.23%
2010	\$1,918,647	3.10%
2011	\$2,013,651	4.95%
2012	\$2,055,174	2.06%

The draft budget prepared for the public meeting includes *expenses \$9,711 less the 2012 preliminary tax levy*. Rather than reducing the levy staff suggests directing this revenue to the Capital Improvement Fund. Even though the draft budget would direct \$100,000 in property tax revenue to this fund, because of the proposed loan to the Uptown Sewer Special revenue fund, the fund balance would increase by less than \$2,000 in 2012. The Capital Improvement Fund can be used to pay for road repairs or improvements, future equipment purchases or replacements, or any other contingencies or emergencies that might arise. Building cash reserves will also help reduce the need for borrowing in the future.

How changes in the city budget and levy will impact individual property tax payers is a complex question. The total taxable market value in the city decreased approximately 4.16% from 2011 to 2012, so even if the city’s budget remained the same the local tax rate would increase. The decrease in taxable value is partly due to the new Homestead Market Value Exclusion. Even though the proposed tax levy increase is only 2.06%, the city tax rate would increase by 6.6% (from 33.557% to 35.776%.) According to Washington County, the median market value change for a residential homestead property in Scandia from 2011 to 2012 was 0.0%. If the value does not change, but the rate goes up, the tax bill will go up. The value of the Homestead Market Value Exclusion will not offset the increase in the tax bill and is not equal to the value of the former Homestead Credit. It shifts the tax burden to higher valued homes and to other property types. See page 14 for more information on the Homestead Market Value Exclusion.

The median valued home (\$270,400) in that portion of Scandia in ISD 2144 is expected to see a median increase of 10% in its total property tax bill from 2011 to 2012 (for all taxing jurisdictions, not just the city.) The property tax change for homes in that portion of Scandia in ISD 831 (median value \$259,800) was initially predicted to be a decrease of 6.8%. Tax notices were sent prior to the passage of the school district’s levy referendum, so that additional tax was not included in the notice.

Other Revenues

The following assumptions were made about other revenue sources for 2012:

- License and permits—similar revenue to 2011.
- Intergovernmental revenues—the only revenues assumed are the recycling grant in the Administration Dept. and a grant in the Fire Dept. budget.
- Charges for services—are significantly less in 2011, due to expected substantial completion of the Zavoral Mining and Reclamation Project EIS by the end of 2012. Most of the charges are essentially a pass-through, with accompanying changes in the expense budget.
- Fines and forfeitures—increase of about 25%, based on 2011 revenue.
- Interest— interest earnings will continue to be low; assumes 1%.

Expense Budget

Wages and Benefits Assumptions

The draft budget assumes a 2% cost-of-living adjustments (COLA) to employee wages. There have been no general wage adjustments since January of 2009. Inflation since wages were last adjusted in January 2009 was 7.23 %, based on the CPI-U from January, 2009 through November, 2011. (CPI-U changed from 211.143 to 226.421; Source, U.S. Department of Labor.) The total cost of the wage adjustment is approximately \$5,900. Step increases for two employees are also assumed, based on the salary range and steps set for the Full-Time Maintenance Worker position in 2011.

A separate report summarizing comparative salary and benefit data available from the League of Minnesota Cities has been provided as an appendix to the draft budget. An issue of concern is whether the City will remain in compliance with state pay equity law when the next report is due in 2012. The female Deputy Clerk and Treasurer positions, for example, rate approximately the same as the male Maintenance Worker position but are paid less, and no pay steps have been set.

Health insurance premiums will increase by 7.5% in 2012. From 2010 to 2011 premiums increased by 20%. The city belongs to an insurance pool that has mitigated much larger increases that would have been justified by a poor experience rating. Because the city's health insurance plan is a high-deductible plan (to keep premium costs down) the City has been contributing to Health Savings Accounts (HSA's) for eligible employees. The draft budget assumes continuing city contributions to the HSAs at the same level in 2012 as in 2010 and 2011.

There will be no changes to City Council salaries in 2012, consistent with Ordinance No. 121. The next inflationary adjustment to Council pay will occur on 1/1/2013, when the pay rates will be adjusted to reflect inflation since the last adjustment (based on the CPI-U of January, 2009.)

Other Expenses

The draft expense budgets include the following assumptions for costs in 2012 compared to 2011:

- PERA & FICA—no increase from 2011.
- Insurance (Property & Auto, Liability and Worker’s Compensation—+ 3%, based on guidance from the League of Minnesota Cities Insurance Trust.) Actual costs will be available in December for the policy year beginning January 1.
- Fuel—+2% from 2011 estimated expense, based on information from the US Department of Energy.
- Utilities—no increase, based on information from the US Department of Energy

Capital Projects

Several projects in the draft Capital Improvement Plan (CIP) are included in the draft 2012 budget, as follows:

Proj #	CIP Project Name	Cost	Funding
PR-001	Lilleskogen Park Improvements (parking lot)	\$4,000	Park Capital Improvements Fund; remaining cost to come from grant revenue or donations not yet secured
PW-002	Street Maintenance Program	\$300,000	General Fund, Public Works Budget, (405, Contractual Road Maintenance and Repairs)
PW-015	Skid Loader and Trailer	\$35,000	General Fund, Public Works Budget (540, Heavy Machinery Capital)
US-001	Uptown Sewer Equalization Tank, Pretreatment Unit and Pump Tank	\$96,501	Uptown Sewer Special Revenue Fund (612, Capital Improvements Other than Buildings); inter-fund loan from Capital Improvement Fund

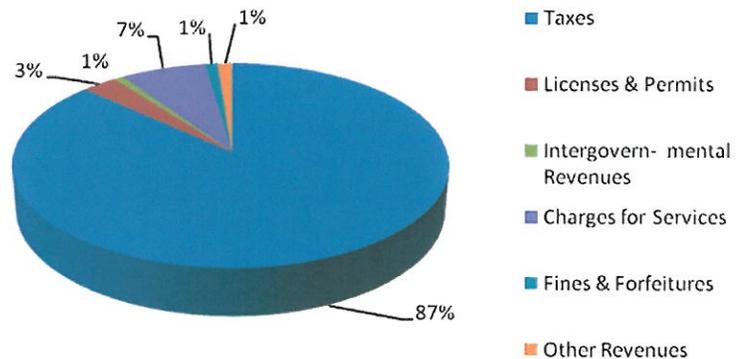
In addition to the projects in the CIP these other capital expenditures are included in the draft 2012 budget. (These projects do not meet the \$10,000 threshold for inclusion in the CIP.)

Budget	Description	Cost
Administration & Finance	Office Equipment (570)	\$2,500
Fire Department	Furniture and Fixtures (580)	\$3,000
Fire Department	Office Equipment (570)	\$2,000
Public Works	Furniture and Fixtures (580)	\$1,000
Public Works	Office Equipment (580)	\$2,000

Overview, General Fund

The draft 2012 General Fund budgets propose total expenditures of \$1,847,798, down 6.05% (\$119,060) from the 2011 budget. A large part of the reduction is due to lower expenses for the Zavoral Project EIS than in the last two budget years. The draft budget for 2012 includes \$69,500 of reimbursable consultant and staff expenses attributable to the project, the full cost of which will be paid by the proposer (Tiller Corporation.) Most of the expenses and corresponding revenue are in the Planning & Building Dept. budget (consultants) and in the Administration Dept. budget (legal and staff costs.)

The pie chart to the right shows revenues to the General Fund, which are largely from property taxes (86%) and Charges for Service (7%) with the remainder from other sources.



Draft 2012 Budget, General Fund Revenue Sources

All of the departments within the General Fund show a reduction in spending with the following exceptions: Elections, Public Works and Administration.

The Elections budget is small (\$5,370) but reflects that 2012, unlike 2011, is an election year.

The Public Works budget is proposed to increase by 19.46% (\$129,512.) The increase is mostly due to two changes: the addition of the new Maintenance Superintendent Position, and the proposed purchase of a skid loader and trailer (CIP Project PW-015, \$35,000.)

Prior to creation of the Superintendent position, the Building Official/ Maintenance Supervisor provided oversight of the Public Works Department. None of the costs for that position were included in the Public Works Department Budget in 2011, but about half of his time was spent on maintenance activities. That position was eliminated, reducing the Planning & Building Department Budget by part of the cost of the new position.

The City is finalizing the hiring process for the new Maintenance Superintendent, who is expected to start work in January. The actual salary and benefits as accepted by the new employee are included in the draft budget. This new position will provide oversight and work direction for maintenance personnel and contractors to ensure that all city infrastructure (including roads, street lights, drainage systems, sewer and water) and facilities (including parks and public buildings) are operated and maintained in good condition. He will be charged with drafting and recommending policies and will participate in long-range planning for his areas of responsibility. He will recommend and administer the budget for the Public Works Department, and recommend equipment and vehicle purchases.

The Public Works budget also includes a new part-time seasonal position for the summer months to address some of the most pressing needs of the department, such as assisting with roadway patching. The total cost of the proposed part-time, seasonal position would be \$4,340.45 (assuming \$12.00 per hour, averaging 24 hours per week for 14 weeks) including FICA. More details of the duties of this position are included in the department budget (page 21.)

The Administration budget would increase by 5.53% (\$19,266.) The budget includes a proposal to increase the Deputy Clerk Position from part-time (0.75 FTE) to full-time (1.0 FTE.) The cost of expanding the position is \$13,803 (\$10,588 in wages plus \$3,215 in other expenses.) Full-time hours for the Deputy Clerk are needed to increase support for the other two full-time positions (the Administrator and Maintenance Superintendent) to allow them to delegate more routine tasks and accomplish more of the city's priority work. Because of the physical constraints of the office, increasing hours for one of the existing positions is probably the only practical way of increasing staff time. More details are included in the Administration Department budgets (page 15.)

Overview, Other Funds

Debt Service Funds—The total debt service budget will increase by about 25%, as 2012 will be the first year for the full debt service payments on two recently issued Equipment Certificates. The property tax levy for debt service is based on principal and interest payments plus the statutory 5% coverage, less any assessments and interest revenue. An updated Debt Management Analysis prepared by Northland Securities is included with the budget details of the Debt Service Funds.

Capital Funds— The draft budget currently proposes \$100,000 of the tax levy as revenue to the Capital Improvements Fund (401.) The only proposed expenditure is an inter-fund loan of \$99,601 to the Uptown Sewer Special Revenue Fund. This loan would be paid back through user charges, the details and terms of which will be finalized in 2012.

The budget for the Parks Capital Improvements Fund (404) includes only one expense; a \$4,000 cash contribution to construction of a parking lot in Lilleskogen Park (CIP Project PR-001.) It is assumed that there will be donations of materials and labor, or grants (potentially from the watershed district) to cover most of the cost of the project. No significant income is anticipated as subdivision activity, and therefore park dedication fee revenue, has halted due to the economy.

There are no expenditures from the Equipment Replacement Fund (406) proposed in 2012. Revenues shown are \$80,000 in transfers from operating budgets. The Council may wish to consider increasing the contribution to begin building a larger fund balance. Based on the proposed update to the Capital Improvement Program, the fund will have a deficit in 2015. The budget does not reflect any revenues that might be realized from sale of old equipment. The Ford Dump Truck/Plow will be sold after the replacement is received, in late 2011 or early 2012.

The following table shows the fund balances expected in the three capital funds at the end of 2010, and the proposed 2011 expenses and revenues (including interest.)

Fund		12/31/2011 Projected	2012 Expense	2012 Revenue	Net
401	Capital Improvements	\$228,064	\$99,601	\$101,575	\$230,038
404	Parks Capital Improvements	\$12,848	\$4,000	\$100	\$8,948
406	Equipment Replacement	\$126,790	\$-0-	\$80,478	\$207,268
	Total	\$367,702	\$38,000	\$182,153	\$446,254

Enterprise Funds—The city’s only enterprise fund is for the operation of the “201” community sewer system (602) that serves approximately 100 homes on Big Marine Lake. The draft budget assumes that the City would continue contracting for operations and maintenance for the near term. At some point, when the city has staff with the required training and certifications, the city may consider taking over this work. Expenses formerly paid by the contractor would be then be paid directly by the City. Operating transfers to the General Fund would be increased to reimburse it for the additional staff time.

A new agreement with Washington County is expected to include a 30-day termination clause for the operation of the Anderson/Erickson portion of the system. The county will soon be regulating the system through its own permit and their continued operation of the system would be a conflict of interest. The City will need to either contract or use staff to operate and maintain this portion of the system as soon as it is able.

It does not appear that any rate increases will be needed. Revenues for the 201 Sewer Project Fund should exceed expenses in order to increase reserves (which in the past have been deemed inadequate by the State Auditor.)

Special Revenue Funds—The Uptown Sewer Fund (612) is a proposed new Special Revenue Fund to be created in 2012. The purpose of the fund is to segregate the revenues and expenses for operation of the Uptown Sewer System from the General Fund budget. Eventually, the goal would be to make this fund a self-supporting Enterprise Fund similar to the 201 Sewer Project Fund, and to accumulate funds needed for future repairs and eventual replacement of the system.

The City Council received the draft Uptown Sewer System Master Plan, prepared by Bolton & Menk, at its July 19, 2011 meeting. The budget incorporates the recommendations of the report for operating inspections and capital projects, and a new project has been added to the Capital Improvement Program for 2012. The project would be financed through an inter-fund loan from the Capital Improvement Fund. More details on this project are included on page 29.

2012 Draft Budget

2012 Draft Expenditure Budget
Summary by Fund and Department

Fund	Dept.	Description	Personal Services	Materials & Supplies	Contractual Services	Capital Outlays	Debt Service	Transfers	Total	% of Total	% of Fund
101	41000	Administration & Finance	\$187,198	\$4,800	\$173,167	\$2,500			\$367,665		19.90%
	41110	City Council	\$18,839						\$18,839		1.02%
	41410	Elections	\$4,500	\$300	\$570				\$5,370		0.29%
	41910	Planning & Building	\$20,862	\$1,097	\$127,098			\$1,003	\$150,060		8.12%
	42000	Police			\$117,061				\$117,061		6.34%
	42200	Fire	\$109,984	\$38,975	\$97,380	\$5,000		\$43,108	\$294,446		15.93%
	43000	Public Works	\$243,678	\$74,680	\$402,964	\$38,000		\$35,890	\$795,212		43.04%
	45000	Parks	\$25,448	\$3,500	\$19,549	\$2,484			\$50,981		2.76%
	45180	Community Center	\$1,337	\$6,000	\$34,433	\$6,394			\$48,164		2.61%
		General Fund Total	\$611,846	\$129,352	\$972,221	\$54,378		\$80,001	\$1,847,798	73.81%	100.00%
307		2007 Blacktop					\$174,143		\$174,143		45.70%
310		Fire Hall/ Public Works					\$122,509		\$122,509		32.15%
311		Equipment Certificates					\$84,446		\$84,446		22.16%
		Debt Service Funds Total					\$381,098		\$381,098	15.22%	100.00%
401		Capital Improvements				\$4,000		\$99,601	\$99,601		96.14%
404		Parks Capital Improvements							\$4,000		3.86%
406		Equipment Replacement									
		Capital Funds Total				\$4,000		\$99,601	\$103,601	4.14%	100.00%
602	201	Sewer			\$55,667	\$2,868		\$2,825	\$61,360		100.00%
		Enterprise Funds Total			\$55,667	\$2,868		\$2,825	\$61,360	2.45%	100.00%
612		Uptown Sewer		\$1,050	\$5,777	\$101,013		\$1,744	\$109,585		100.00%
		Special Revenue Funds Total		\$1,050	\$5,777	\$101,013		\$1,744	\$109,585	4.38%	100.00%
		All Funds, Total Expenditures	\$611,846	\$130,402	\$1,033,665	\$162,259	\$381,098	\$184,171	\$2,503,442	100.00%	
		Expense Category	24.44%	5.21%	41.29%	6.48%	15.22%	7.36%	100.00%		

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2012 Draft Budget

Expenditure Budget History
Total Expenditures by Fund and Department

Fund	Dept.	Description	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Budget	2010 Actual	2010 Budget	2011 Adopted Budget	2012 Proposed Budget	Change, 2011 Budget to 2012 Proposed
101	41000	Administration & Finance	\$279,829	\$335,963	\$316,368	\$316,712	\$347,719	\$343,354	\$350,080	\$348,399	\$367,665	5.53%
	41110	City Council	\$20,288	\$17,419	\$18,188	\$19,883	\$19,883	\$11,334	\$19,539	\$20,289	\$18,839	-7.15%
	41410	Elections	\$4,353	\$295	\$5,521	\$470	\$495	\$5,181	\$5,670	\$470	\$5,370	1042.55%
	41910	Planning & Building	\$137,653	\$128,202	\$213,034	\$137,606	\$200,327	\$375,721	\$401,929	\$332,808	\$150,060	-54.91%
	42000	Police	\$86,965	\$95,589	\$106,321	\$114,284	\$117,366	\$123,307	\$120,717	\$123,307	\$117,061	-5.07%
	42200	Fire	\$282,303	\$257,465	\$323,643	\$304,578	\$353,145	\$351,571	\$357,233	\$343,186	\$294,446	-14.20%
	43000	Public Works	\$941,343	\$565,080	\$360,005	\$371,870	\$586,271	\$656,382	\$594,369	\$665,698	\$795,212	19.46%
	43210	Uptown Water & Sewer	\$40,579	\$39,945	\$14,879	\$27,330	\$27,330	\$419	\$10,476	\$23,042	\$50,981	-100.00%
	45000	Parks	\$57,435	\$42,473	\$34,768	\$60,479	\$67,445	\$54,234	\$49,145	\$55,882	\$50,981	-8.77%
	45180	Community Center	\$56,662	\$44,780	\$52,923	\$44,920	\$56,651	\$47,283	\$42,447	\$53,777	\$48,164	-10.44%
		General Fund Total	\$1,907,410	\$1,527,211	\$1,445,650	\$1,398,133	\$1,776,632	\$1,968,784	\$1,951,605	\$1,966,858	\$1,847,798	-6.05%
302		2002 Blacktop	\$206,013	\$208,217	\$209,561							
304		2004 Blacktop	\$267,480	\$250,920	\$255,240	\$247,920	\$247,920					
307		2007 Blacktop	\$769	\$36,731	\$305,211	\$181,038	\$181,038	\$176,043	\$176,043	\$179,529	\$174,143	-3.00%
310		Fire Hall/ Public Works	\$118,605	\$120,035	\$121,135	\$111,140	\$111,140	\$113,293	\$113,718	\$115,143	\$122,509	6.40%
311		Equipment Certificates								\$8,194	\$84,446	930.58%
		Debt Service Funds Total	\$592,867	\$615,903	\$891,147	\$540,098	\$540,098	\$289,335	\$289,761	\$302,866	\$381,098	25.83%
401		Capital Improvements	\$8,329	\$30,751	\$24,072	\$18,854	\$18,854	\$19,668	\$78,000	\$18,000	\$99,601	453.34%
404		Parks Capital Improvements	\$2,360	\$16,486	\$16,486	\$23,493	\$23,493	\$5,038	\$12,300	\$14,300	\$4,000	-72.03%
406		Equipment Replacement		\$25,430	\$25,430	\$61,699	\$61,699	\$195,340	\$194,336	\$238,476		-100.00%
		Capital Funds Total	\$10,689	\$30,751	\$65,989	\$104,046	\$104,046	\$220,046	\$284,636	\$270,776	\$103,601	-61.74%
602		201 Sewer	\$57,579	\$70,080	\$63,630	\$63,630	\$63,630	\$71,065	\$63,313	\$63,508	\$61,360	-3.38%
		Enterprise Funds Total	\$57,579	\$70,080	\$63,630	\$63,630	\$63,630	\$71,065	\$63,313	\$63,508	\$61,360	-3.38%
612		Uptown Sewer									\$109,585	
		Special Revenue Funds Total									\$109,585	
		All Funds, Total Expenditures	\$2,567,776	\$2,243,945	\$2,466,416	\$2,105,907	\$2,484,406	\$2,549,231	\$2,589,315	\$2,604,008	\$2,503,442	-3.86%

2012 Draft Budget

2012 Draft Revenue Budget
Summary by Fund and Department

Fund	Dept.	Description	Taxes	Licenses & Permits	Intergovernmental Revenues	Charges for Services	Fines & Forfeitures	Other Revenues	Total	%	% of Fund
101		General Fund									
	41000	Administration & Finance	\$300,606	\$11,530	\$7,597	\$8,550	\$19,000	\$20,382	\$367,665		19.90%
	41110	City Council	\$18,839						\$18,839		1.02%
	41410	Elections	\$5,370						\$5,370		0.29%
	41910	Planning & Building	\$37,260	\$42,300		\$70,500			\$150,060		8.12%
	42000	Police	\$117,061						\$117,061		6.34%
	42200	Fire & Rescue	\$253,895		\$7,000	\$33,551			\$294,446		15.93%
	43000	Public Works	\$787,943		\$362	\$4,850			\$795,212		43.04%
	45000	Parks & Recreation	\$42,981			\$8,000		\$2,057	\$50,981		2.76%
	45180	Community Center	\$40,644			\$7,520			\$48,164		2.61%
		General Fund Total	\$1,604,599	\$53,830	\$14,959	\$132,971	\$19,000	\$22,439	\$1,847,798	70.99%	100.00%
307		2007 Blacktop	\$146,829					\$27,314	\$174,143		45.70%
310		Fire Hall/ Public Works	\$120,793					\$1,716	\$122,509		32.15%
311		Equipment Certificates	\$83,942					504	\$84,446		22.16%
		Debt Service Funds Total	\$351,564					\$29,534	\$381,098	14.64%	100.00%
401		Capital Improvements	\$100,000					\$1,575	\$101,575		55.76%
404		Parks Capital Improvements						\$100	\$100		0.05%
406		Equipment Replacement						\$80,478	\$80,478		44.18%
		Capital Funds Total	\$100,000					\$82,154	\$182,154	7.00%	100.00%
602		201 Sewer						\$62,725	\$62,725		100.00%
		Enterprise Funds Total						\$62,725	\$67,725	2.60%	100.00%
612		Uptown Sewer						\$123,986	\$123,986		100.00%
		Special Revenue Funds Total						\$123,986	\$123,986	4.76%	100.00%
		All Funds, Total Revenues	\$2,056,163	\$53,830	\$14,959	\$132,971	\$19,000	\$320,837	\$2,602,761		
		Percent of Total Revenue	79.00%	2.07%	0.57%	5.11%	0.73%	12.33%	100.00%		

City of Scandia, 2012 Draft Budget

Personal Services

Employee FTEs (Full Time Equivalents) Excluding City Council

1 FTE = 2,080 hours

Position	Department							Total Number of FTEs Employees
	41000 Admin & Finance	51410 Elections	41910 Planning/ Bldg	42200 Fire & Rescue	43000 Public Works	45000 Parks	45180 Comm. Ctr	
Regular Employees, FT								
City Administrator/Clerk +	1.000							1.000
Maintenance Superintendent +					1.000			1.000
Maintenance Worker, FT					2.000			2.000
Deputy Clerk (proposed increase from .75 to 1.0 in 2012)	1.000							1.000
Subtotal	2.000	0.000	0.000	0.000	3.000	0.000	0.000	5.000
Regular Employees, PT								
Treasurer	0.330							0.330
Office Assistant	0.300							0.300
Recreation Coordinator					0.096			0.096
Building Official ++			0.250					0.250
Community Center Attendant *							0.025	0.025
Subtotal	0.630	0.000	0.250	0.000	0.000	0.096	0.025	1.001
Paid-on-Call Firefighters **				3.926				3.926
Seasonal/ Temporary Employees								
Election Judges		0.216						0.216
Skating Supervisor					0.029			0.029
Ice Rink Maintenance					0.144			0.144
Ice Rink Attendant					0.264			0.264
Recreation Program Instructors					0.033			0.033
Maintenance, Seasonal/Temp (PW/Winter)					0.120			0.120
Maintenance, Grounds (Parks/ Summer)					0.162			0.162
Proposed Maintenance, Season/Temp (PW/ Summer)					0.282			0.282
Subtotal	0.000	0.216	0.000	0.000	0.839	0.000	0.000	0.807
All Employees	2.630	0.250	0.250	3.926	3.282	0.936	0.025	10.734

+ salaried employee

++ half time position, half year

* paid per day; FTE based on \$14 per hr

** all wages (hourly + officer stipends) /\$12 per hr

2012 Changes in Homestead Benefits

What is Changing?

The 2011 Legislature repealed the Homestead Market Value Credit, (the homestead credit), and replaced it with a new Homestead Market Value Exclusion. *The last year of the credit is for property taxes paid in 2011 and the exclusion begins for property taxes payable in 2012.*

What is a credit?

A **credit** is a reduction in the amount of taxes due.



What is an exclusion?

An **exclusion** is a reduction in the amount of property value subject to tax.

Why is this Change Resulting in Tax Increases?

There are four reasons why this change in homestead benefits results in tax increases for most properties:

- **State money is no longer reducing total taxes.** By eliminating the homestead credit the state is saving \$260 million per year and this amount is now being paid by local property tax payers.
- **The reduction in taxable value increases tax rates.** With the total taxable value being reduced by the exclusion, collecting the same total amount of property tax as the prior year requires a higher rate.
- **The reduction in taxable property value shifts the relative burdens of who pays.** With homestead values reduced, other property types (and homes with higher values) pay a larger share of the tax.
- **The exclusion provides less benefit to most properties than the credit.** The new homestead exclusion may not be enough to offset the increases in tax rates and the elimination of the credit, especially in areas that have lower total property tax rates like Washington County.

Computation of Credit and Exclusion Amounts

Even though the tax benefits of the credit and exclusion are not equal, the calculation of the exclusion amount is similar to the calculation of the former credit.

Credit=0.4% of the first \$76,000, minus 0.09% of the value over \$76,000

Exclusion = 40% of the first \$76,000, minus 9% of the value over \$76,000

Example: House valued at \$150,000

$$\begin{aligned} \text{Credit} &= (0.4\% \times \$76,000) - (\$74,000 \times 0.09\%) \\ &= \$304 - \$67 \\ &= \$237 \end{aligned}$$

$$\begin{aligned} \text{Exclusion} &= (40\% \times \$76,000) - (\$74,000 \times 9\%) \\ &= \$30,400 - \$6,660 \\ &= \$23,700^* \text{ (rounded to nearest \$100)} \end{aligned}$$

Credit/Exclusion Comparison		
Home Market Value	2011 Homestead Market Value Credit	2012 Homestead Market Value Exclusion
\$76,000	\$304	\$30,400
\$150,000	\$237	\$23,700
\$250,000	\$147	\$14,700
\$300,000	\$102	\$10,200
\$350,000	\$57	\$5,700
\$400,000	\$12	\$1,200
\$450,000	\$0	\$0

Want More Details and Information?

Taxpayers may find more detailed explanations of this change by visiting the county website at www.co.washington.mn.us and click on the link titled "2012 Homestead Benefit Changes"